

**CITY OF LODI  
INFORMAL INFORMATIONAL MEETING  
"SHIRTSLEEVE" SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, JUNE 26, 2007**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, June 26, 2007, commencing at 7:27 a.m.

**A. ROLL CALL**

Present: Council Members – Hansen, Mounce, and Mayor Johnson

Absent: Council Members – Hitchcock and Katzakian

Also Present: City Manager King, Deputy City Attorney Magdich, and City Clerk Johl

**B. TOPIC(S)**

**B-1 "Utilities Quarterly Update"**

Electric Utilities Manager Ken Wisel provided a PowerPoint presentation regarding the quarterly update. Specific topics of discussion included a summary, financial results, electric expenses by series, sales, billing statistics, Northern California Power Agency general operating reserve, power supply, power supply contributing factors, open position, electric prices, and natural gas forward price curves.

In response to Council Member Hansen, Mr. Wisel indicated one reason the numbers are well under budget is unfilled positions.

In response to Mayor Johnson, Mr. Wisel stated staff will provide Council with information regarding the differences in the numbers, including the equipment line item.

In response to Mayor Johnson, Mr. Wisel stated third-party revenues could include surplus sales of property and equipment.

In response to Council Member Hansen, Mr. Wisel stated there is a sense that prices are dropping now, but during really hot periods they may rise again. He stated September may be a bit lower and may be the time to purchase.

Discussion ensued between Mayor Johnson, Council Member Hansen, Mr. Wisel, and City Manager King regarding the open position, the numbers to be averaged for the open position, previously large open position and efforts to prevent the same in the future, timing associated with closing positions, authorization to close positions for specific months, and a policy associated with closing open positions.

Public Works Director Prima provided a PowerPoint presentation regarding wastewater financials, operating expenses by series, water financials, water expenses by series, water and wastewater summary, White Slough contract for pipeline repairs, permit status, drinking water studies, water supply, interim permit for North San Joaquin County Conservation District and meeting, Groundwater Banking Authority efforts, and East Bay Municipal Utility District water protest and meetings.

In response to Mayor Pro Tempore Mounce, Mr. Prima stated Project No. 3 on the water replacement program is wrapped up with some concentration in the downtown area and Project No. 4 is in design and will be brought back to Council shortly.

In response to Council Member Hansen, Mr. Prima stated construction on the water treatment plant will likely begin by 2010 and the process will entail an Environmental Impact Report and State permits. Mr. Prima also stated that the Woodbridge Irrigation District is willing to give an extension on the current agreement, which will be coming back sometime during the summer.

In response to Mayor Johnson, City Manager King stated the scope of the project will determine what level of environmental certification will be required. Mr. King stated additional information regarding the assessment process and related information will also be needed.

In response to Mayor Johnson, Mr. Prima stated the \$200,000 from North San Joaquin has not been paid yet because it has not been assessed, it will be implemented in the coming fiscal year, it may not go away if the application with the Water Board is denied because it is not directly related, and they are not losing all their water because they may also have replacement water.

In response to Mayor Johnson, Mr. Prima stated the Flag City money has not yet arrived and they are still working on the design standards. Mr. King stated a Council action remains for the modification of the ordinance, which will not be brought forth until the design standards are provided.

In response to Mayor Johnson, Mr. King stated that as to the winery hook-ups, Van Ruitten is physically connected and the two others received preferential rates. Mr. King also provided an overview of the downtown Tasting Room timeline and status.

City Manager King stated they did not receive any proposals for the Electric Utility Guild Avenue property and staff will reassess the options.

City Manager King provided an overview of the Leadership in Energy and Environmental Design (LEED) program, which promotes green practices and sustainability of new development. Mr. King stated Lodi is 1 of 61 cities invited to participate in the neighborhood development program and they are working with Reynolds Ranch and Wildan. He stated they will need to develop guidelines for certification and discussed some factors regarding the same. In response to Mayor Johnson, Mr. King stated the program is primarily applicable to commercial, with some residential application.

**C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS**

None

**D. ADJOURNMENT**

No action was taken by the City Council. The meeting was adjourned at 8:11 a.m.

ATTEST:

Randi Johl  
City Clerk



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Receive Quarterly Utility reports from Electric, Water and Wastewater Utility Departments for 3<sup>rd</sup> Quarter Fiscal Year 2007-2008

**MEETING DATE:** June 26, 2007

**PREPARED BY:** Electric Utility, Water Utility and Wastewater Utility Departments

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**RECOMMENDED ACTION:** Receive Quarterly Utility reports for Electric, Water and Wastewater Utility Departments for 3<sup>rd</sup> Quarter Fiscal Year 2007-2008.

**BACKGROUND INFORMATION:** The attached Electric, Water and Wastewater Utility Department financial reports for the 3<sup>rd</sup> Quarter Fiscal Year 2007-2008 are presented in accordance with established reporting requirements.

In summary the operations for the 3<sup>rd</sup> quarter of fiscal year 2007-08 show the following financial results:

**Electric Utility**

- 3rd Quarter Financial Results ahead of projections (+\$650,000)
- General Operating expenses well under budget (-\$1.6 Million or 25%)
- Power Supply costs up \$2.3 million (+7%)
- Sales down 3.5% but revenues up 2.6%

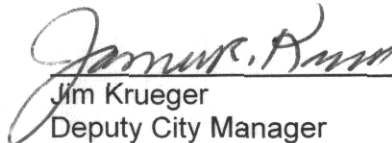
**Wastewater:**

- Cash balance is \$4.3 million
- Revenues on target at 80% of estimated
- Operating expenses under target at 62% of budget

**Water:**

- Cash balance is \$856 thousand
- Revenues are on target at 79 % of estimated
- Fund Operating expenses under target at 63 % of budget

Staff from the Electric, Wastewater and Water departments will highlight areas of interest and the financial results during the power point presentation at the shirtsleeve meeting on June 26, 2007.

  
Jim Krueger  
Deputy City Manager

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APPROVED:

  
Blair King, City Manager



## **Electric Utility Department**

# **FY07 Quarterly Update** **(Through March 31, 2007)**

**Shirtsleeve Meeting**  
**June 26, 2007**



# Summary

- 3<sup>rd</sup> Quarter Financial Results ahead of projections (+\$650K)
- General Operating expenses well under budget (-\$1.6M or 25%)
- Power Supply costs up \$2.3 million (+7%)
- Sales down 3.5% but revenues up 2.6%



# Q3 Financial Results

Cash Flow			
	Ending March 31, 2007		
Revenue	Projections	Actuals	Difference
Total Revenues	50,095,225	51,705,638	1,610,413
Expenses			
Purchase Power	33,282,396	35,651,283	2,368,887
Non Power	8,907,211	7,229,321	(1,677,890)
Total Expenses	42,189,607	42,880,604	690,997
Net Revenue for Debt Service	7,905,618	8,825,034	919,416
Debt Service			
Net Revenue	5,925,229	6,579,031	653,802
In-lieu Transfer to General Fund	5,084,250	5,084,251	-
<b>Net Increase (Decrease) in Working Capital</b>	<b>840,979</b>	<b>1,494,780</b>	<b>653,802</b>
Beginning Cash Balance	3,631,402	3,631,402	
Changes in GOR	1,503,615	1,503,615	
<b>Ending Cash Balance</b>	<b>5,975,996</b>	<b>6,629,798</b>	<b>653,801</b>



# Electric Expenses by Series

Series	FY07 Budget	Q3 Projections	Q3 Actuals	% of Budget
Personnel	\$ 6,162,788	\$ 4,622,091	\$ 3,745,905	60.8%
Supplies, Materials, Services	\$ 1,347,619	\$ 1,010,714	\$ 781,632	58.0%
Equipment, Land, Structures	\$ 905,041	\$ 678,781	\$ 266,369	29.4%
Other Payments	\$ 479,100	\$ 359,325	\$ 186,249	38.9%
Communication & Transportation	\$ 81,683	\$ 61,262	\$ 63,328	77.5%
<b>Total Operating Expenses</b>	<b>\$ 8,976,231</b>	<b>\$ 6,732,173</b>	<b>\$ 5,043,482</b>	<b>56.19%</b>

**Note: Includes Capital Expenditures**



# Q3 Sales

	YTD Projections	YTD Actuals	% Difference
kWh	361,067,198	348,435,353	-3.5%
Revenue	\$ 49,338,802	\$ 50,619,996	2.6%

Month	Year	HDD	Normal	CDD	Normal
July	2006	0	0	650	504
August	2006	0	0	449	430
September	2006	3	13	288	263
October	2006	96	76	9	73
November	2006	316	348	2	0
December	2006	530	609	0	0
January	2007	617	592	0	0
February	2007	348	391	0	0
March	2007	157	313	9	0
Q3 Total		2,067	2,342	1,407	1,270





# Q3 Billing Statistics

Customer Class	kWh Sales	Revenue	Average Rate
Residential	124,923,045	21,485,977	\$ 0.1720
Small Commercial	124,083,963	18,465,289	\$ 0.1488
Large Commercial/Small Industrial	29,029,760	3,783,349	\$ 0.1303
Industrial	70,398,585	6,885,381	\$ 0.0978
<b>TOTAL</b>	<b>348,435,353</b>	<b>50,619,996</b>	<b>\$ 0.1453</b>



# NCPA “GOR”

- **General Operating Reserve**
- **Provides funding for contingencies**
- **GOR levels**
  - \$3,113,432(June 30, 2006)
  - \$4,617,047 (March 31, 2007)

**\$1,503,615 Increase**



# Power Supply



# Q3 Power Supply

	Estimated	Actual	Change in \$\$	Change
Generation	\$29,297,452	\$34,747,389	\$ 5,449,937	18.6%
Transmission	\$ 4,450,574	\$ 3,714,428	\$ (736,146)	-16.5%
Management Services	\$ 1,682,768	\$ 1,638,459	\$ (44,309)	-2.6%
Third Party Revenue	\$ 2,148,398	\$ 4,448,993	\$ 2,300,595	107.1%
<b>TOTAL</b>	<b>\$33,282,396</b>	<b>\$35,651,283</b>	<b>\$ 2,368,887</b>	<b>7.1%</b>



# Q3 Power Supply Contributing Factors

## Increase

- Contracts & Market Purchases- replacement power budget \$67 vs. actual \$89 MWh. **\$4,269,447**
- Gas Plants-increase in fuel/maintenance costs. **\$1,136,613**
- Hydroelectric Projects **\$48,061**
- TOTAL \$5,454,121**

## Offsets

- Third Party Revenue. **(\$2,300,595)**
- Transmission. **(\$736,146)**
- Member Services. **(\$44,309)**
- Geo Plants. **(\$4,184)**

**TOTAL (\$3,085,234)**

**NET INCREASE \$2,368,887**

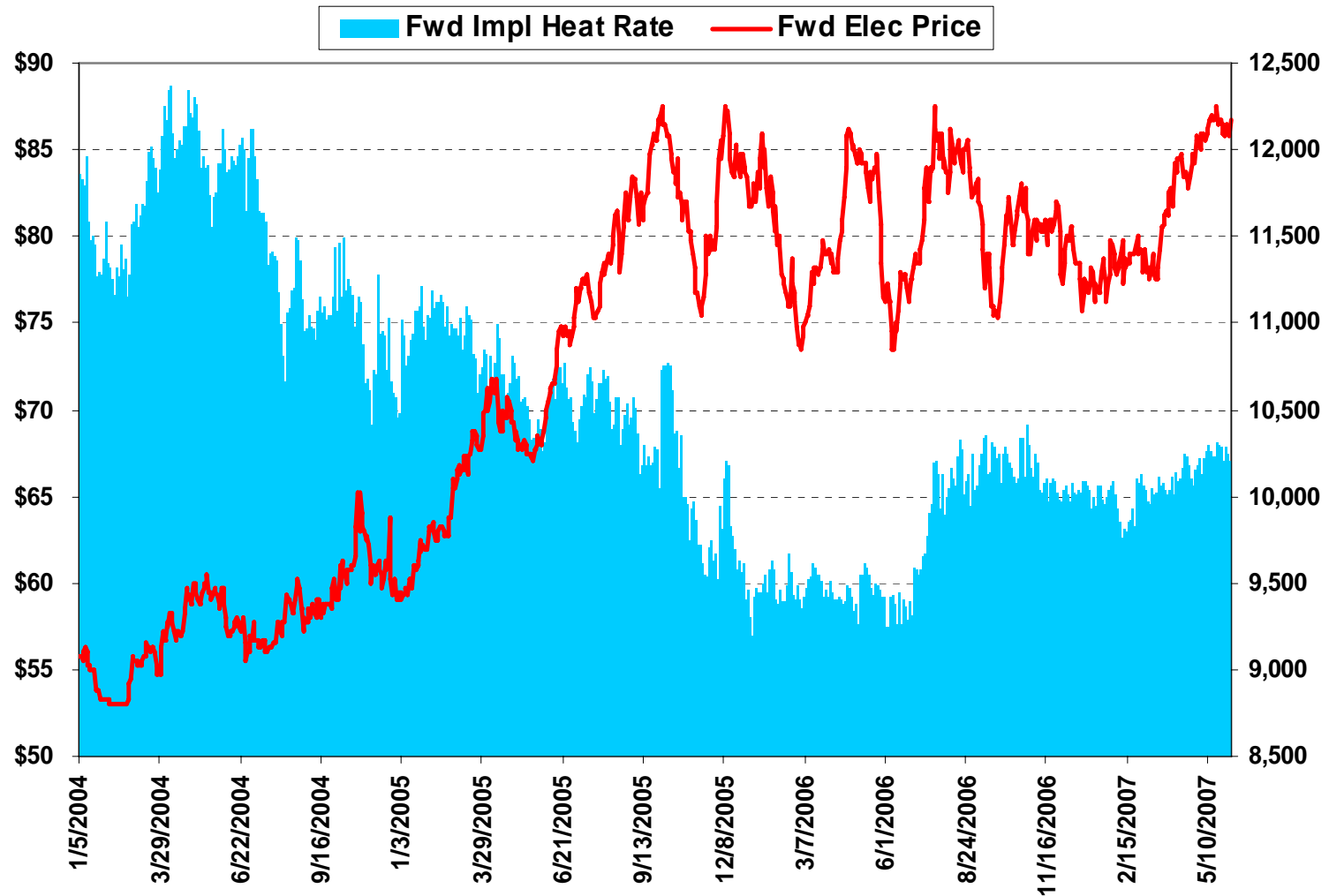


# FY08 “Open Position”

	Lodi Total Surplus/(Deficit)	Load	% of Load	Lodi HLH Surplus/(Deficit)	% of Load	Lodi LLH Surplus/(Deficit)	% of Load
July 2007	(3,699)	53,597	-6.9%	(763)	-2.2%	(2,936)	-14.9%
August	(3,767)	49,592	-7.6%	(2,015)	-6.1%	(1,752)	-10.5%
September	320	42,940	0.7%	537	2.0%	(218)	-1.3%
October	(1,210)	38,430	-3.1%	(1,194)	-4.7%	(16)	-0.1%
November	(5,400)	35,719	-15.1%	(4,616)	-19.9%	(784)	-6.2%
December	(8,048)	37,802	-21.3%	(6,324)	-27.1%	(1,724)	-12.0%
Jan 2008	(16,249)	36,994	-43.9%	(14,091)	-60.2%	(2,157)	-15.9%
February	(15,428)	35,512	-43.4%	(13,224)	-57.5%	(2,204)	-17.6%
March	(13,964)	36,674	-38.1%	(12,182)	-52.8%	(1,782)	-13.1%
April	(4,383)	36,293	-12.1%	(4,736)	-19.9%	353	2.8%
May	(970)	39,059	-2.5%	(1,936)	-7.7%	966	6.9%
June	(3,109)	43,062	-7.2%	(1,994)	-7.3%	(1,114)	-7.1%
Net Total	(75,906)	485,674	-15.6%	-62,538	-20.1%	-13,368	-7.7%

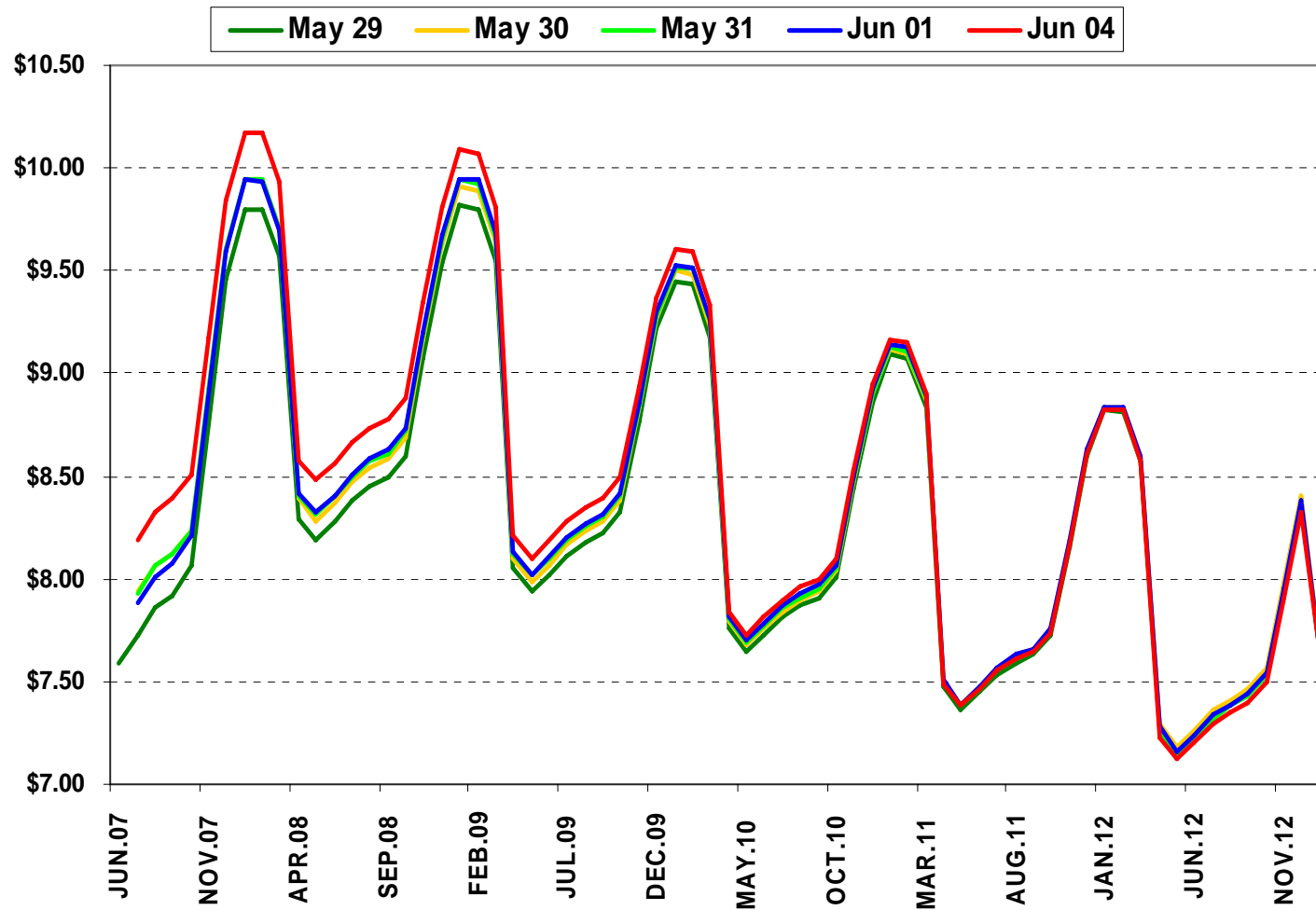


# 2008 Electric Prices





# Natural Gas Forward Price Curves







# Summary

- 3<sup>rd</sup> Quarter Financial Results ahead of projections (+\$650K)
- General Operating expenses well under budget (-\$1.6M or 25%)
- Power Supply costs up \$2.3 million (+7%)
- Sales down 3.5% but revenues up 2.6%



# **Water and Wastewater**

# **FY07 Quarterly Update**

**(Through March 31, 2007)**

**City Council Meeting**  
**June 25, 2007**



# Summary

- **WATER:**
- Wastewater and Water had a good 3rd Quarter of FY07
- Wastewater cash balance is \$4.3 million
- Wastewater Fund Revenues on target at 80% of estimated
- Wastewater Fund Operating expenses are 62% of budget
- **WATER:**
- Water Fund Cash balance is \$856,000
- Water Fund Revenues are on target at 79 % of estimated
- Water Fund Operating expenses are 63 % of budget



# Wastewater Financials

## Ending 3/31/07

<b>Revenue</b>	<b>FY Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
Sales Revenues	\$8,016,500	\$6,351,217	79.2%
Other Revenues	484,400	999,617	206.4%
Impact Mitigation Fees	1,607,000	809,829	50.4%
<b>Total Revenues</b>	<b>\$10,107,900</b>	<b>\$8,160,663</b>	<b>80.7%</b>
<b>Expenses</b>			
Operating	\$5,063,121	3,154,719	62.3%
Non-Operating	908,793	796,900	87.7%
Capital Outlay (See note below)	298,500	378,119	126.7%
<b>Total Expenses</b>	<b>\$6,270,414</b>	<b>\$4,329,738</b>	<b>69.1%</b>
Net Revenue for Debt Service	\$3,837,486	\$3,830,925	99.8%
<b>Debt Service</b>	<b>3,339,110</b>	<b>2,736,022</b>	<b>81.9%</b>
Net Revenue	\$498,376	\$1,094,903	219.7%
Less In-lieu Transfer to General Fund	892,500	669,375	75.0%
<b>Net Increase (Decrease) in Cash</b>	<b>(\$394,124)</b>	<b>\$425,528</b>	<b>-108.0%</b>
<b>Beginning Cash Balance</b>	<b>2,956,954</b>	<b>4,251,700</b>	<b>143.8%</b>
Other Changes in Cash	(1,010,000)	(342,172)	
<b>Ending Cash Balance</b>	<b>\$1,552,830</b>	<b>\$4,335,056</b>	<b>279.2%</b>
<b>Debt Proceeds Reserve</b>		<b>\$13,029,023</b>	
Note: Capital project expenditures of \$30,543,500 (included in budget document) are not included in this analysis.			



# Wastewater Operating Expenses by Series

Personnel	\$ 2,468,321	\$ 1,622,761	65.7%
Supplies, Materials, Services	877,254	624,770	71.2%
Equipment, Land, Structures	102,675	71,043	69.2%
Other Payments	795,313	326,155	41.0%
Communication & Transportation	819,558	509,990	62.2%
<b>Total Operating Expenses</b>	<b>\$ 5,063,121</b>	<b>\$ 3,154,719</b>	<b>62.3%</b>



# Water Financials

## Ending 3/31/07

Revenue	FY Budget	Actuals	% of Budget
Sales Revenues	\$9,707,100	\$7,473,266	77.0%
Other Revenues	399,900	603,127	150.8%
Impact Mitigation Fees	234,000	55,391	23.7%
Total Revenues	\$10,341,000	\$8,131,784	78.6%
<b>Expenses</b>			
Operating	4,468,583	2,811,946	62.9%
Non-Operating	909,259	721,541	79.4%
Capital Outlay	6,926,748	2,413,621	34.8%
<b>Total Expenses</b>	\$12,304,590	\$5,947,108	48.3%
Net Revenue for Debt Service	(\$1,963,590)	\$2,184,676	-111.3%
<b>Debt Service</b>	227,976	17,754	7.8%
Net Revenue	(\$2,191,566)	\$2,166,922	
In-lieu Transfer to General Fund	767,040	575,280	75.0%
<b>Net Increase (Decrease) in Cash</b>	(\$2,958,606)	\$1,591,642	-53.8%
<b>Beginning Cash Balance</b>	<b>829,000</b>	<b>87,136</b>	<b>10.5%</b>
Other Changes in Cash	2,908,617	(822,753)	
<b>Ending Cash Balance</b>	<b>\$779,001</b>	<b>\$856,025</b>	
<b>Central Plume Trust Account</b>	<b>\$6,056,155</b>	<b>\$8,687,603</b>	



# Water Expenses by Series

	FY07 Budget	FY07 Q3	% of Budget
Personnel	\$ 1,211,337	\$ 761,370	62.9%
Supplies, Materials, Services	621,811	217,955	35.1%
Equipment, Land, Structures	3,851	1,812	47.1%
Other Payments	1,751,844	1,313,035	75.0%
Communication & Transportation	879,740	517,774	58.9%
<b>Total Operating Expenses</b>	<b>\$ 4,468,583</b>	<b>\$ 2,811,946</b>	<b>62.9%</b>